Third Quarter Report

January–September 2001

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Q3 in Brief

- Group net sales increased 7 percent to MSEK 14,431 (13,487)
- Continued high growth in the core business: Telia Mobile +21 percent, Telia International Carrier +37 percent, Telia Internet Services +33 percent, Telia Networks +1 percent
- Underlying EBITDA increased 8 percent to MSEK 3,420 (3,180)
- Earnings after financial items climbed to MSEK 2,491 (267)
- Agreement in October regarding the divestiture of 91 percent of Orbiant to Flextronics

Review of Group Earnings

MSEK	Jul-Sep 2001	Jul-Sep 2000	Jan-Sep 2001	Jan-Sep 2000	Full year 2000
Net sales	14,431	13,487	42,226	39,524	54,064
Change in net sales (%)	7.0	14.6	6.8	6.2	3.7
Underlying EBITDA	3,420	3,180	9,782	9,297	13,087
Underlying EBITDA margin (%)	23.7	23.6	23.2	23.5	24.2
Operating income	2,745	206	4,544	4,076	12,006
Income after financial items	2,491	267	3,902	4,059	11,717
Net income	1,900	172	2,441	2,870	10,278
Earnings per share (SEK)	0.63	0.06	0.81	0.99	3.50
Return on equity (%)	–	–	–	–	23.9
Investments	5,965	16,745	15,578	37,431	47,742
of which CAPEX	5,630	3,369	12,864	9,395	16,580
of which goodwill, shares & participations	335	13,376	2,714	28,036	31,162

Comments from President and CEO Marianne Nivert

"Telia is in a positive phase. Our core business shows increasing strength and an upward trend with 13 percent growth in the third quarter. Particularly encouraging are the earnings growth and greatly improved margins in Telia Mobile and Telia Networks. Another positive trend is the continued strong demand for broadband. We have succeeded in shortening our delivery times and are now able to begin actively marketing our broadband services.

"One disappointment is that we did not succeed in turning the earnings trend around in Telia International Carrier. The market continued to be turbulent and uncertain. Action has been taken in order to achieve rapid improvement in earnings.

"The sale of Orbiant will largely bring the refine and focus efforts to a close, which means that we can direct our full concentration on developing our core businesses."

Review of the Group

Sales

Telia's core business showed growing strength in its sales during the year. In Telia Mobile, Telia Internet Services and Telia International Carrier, the rate of growth gradually increased while the loss of revenue in the fixed network operations Telia Networks was turned around towards modest growth. Sales in the core business rose 13 percent during the third quarter.

The positive trend in the core business led Group net sales to climb 7 percent to MSEK 14,431 during the third quarter compared with the prior year quarter. Growth was 10 percent for comparable units.

The Group's net sales for the nine-month period rose 8 percent to MSEK 42,226 for comparable units.

During the third quarter, sales in Telia Mobile surged 21 percent to MSEK 4,439. The markets in Sweden and Norway show a very positive trend with continued strong customer growth. The number of mobile customers during the quarter increased by 109,000 to 4,837,000, while the number of customers via service providers jumped by 23,000 to 204,000.

Net Sales per Business Area [1)]

	Jul-Sep 2001 MSEK	Chg %	Jul-Sep 2000 MSEK	Jan-Sep 2001 MSEK	Chg %	Jan-Sep 2000 MSEK
Mobile	4,439	21.2	3,664	12,057	39.1	8,670
Internet Services	797	32.6	601	2,325	29.5	1,796
International Carrier	976	37.5	710	2,548	25.3	2,034
Networks	7,601	5.6	7,199	22,773	1.8	22,371
Retail market	*6,407*	*-0.2*	*6,421*	*19,752*	*-2.2*	*20,203*
Wholesale market	*1,194*	*53.5*	*778*	*3,021*	*39.3*	*2,168*
Equity	580	-54.0	1,260	2,392	-46.7	4,487
Group-wide	38	-28.3	53	131	-21.1	166
Total	**14,431**	**7.0**	**13,487**	**42,226**	**6.8**	**39,524**
of which core business	*13,851*	*13.3*	*12,227*	*39,834*	*13.7*	*35,037*

1) For further information: www.telia.com, Investor Relations, Financial information, External net sales per business area and product segment (detailed information).

Continued strong demand for broadband led to a 33 percent jump in the sales of Telia Internet Services, to MSEK 797.

The Group's total number of broadband connections increased by 60,000 during the quarter to 263,000. The number of ADSL connections increased by 50,000 to 172,000.

The international carrier market is characterized by substantial pricing pressure and the shakeout of players with consequent heightened credit risks. Despite this decline, Telia International Carrier's sales surged 37 percent to MSEK 976. The growing demand on capacity is the primary driver behind these revenues.

The more mature fixed network operations also contributed to the Group's sales growth. Increased wholesale sales and increased sales of value-added services on the retail market helped Telia Networks achieve 1 percent sales growth, to MSEK 7,601, for comparable units.

The refine and focus efforts led to a decline in sales in Telia Equity by MSEK 680 to MSEK 580 year on year.

Earnings

Underlying EBITDA

For the Group as a whole, underlying EBITDA climbed 8 percent to MSEK 3,420 compared with the prior year quarter. The margin totaled 23.7 percent, which is on the same level as last year.

Earnings in the core business increased 15 percent. This improvement is primarily attributable to a strong earnings trend in the mobile operations and in the fixed network operations.

In the mobile operations, earnings jumped 53 percent to MSEK 1,448 and the margin improved from 22.9 to 29.8 percent. In Telia Networks, underlying EBITDA rose 15 percent to MSEK 3,052, along with an improved margin.

Underlying EBITDA and Operating Income

MSEK	Jul-Sep 2001	Jul-Sep 2000	Jan-Sep 2001	Jan-Sep 2000
Mobile	1,448	944	3,708	2,260
Internet Services	-229	-303	-747	-921
International Carrier	-614	-87	-1,181	-178
Networks	3,052	2,655	8,629	8,101
Equity	24	226	188	1,046
Group-wide	-261	-255	-815	-1,011
Total underlying EBITDA	**3,420**	**3,180**	**9,782**	**9,297**
of which core business	*3,396*	*2,954*	*9,594*	*8,251*
Depreciation, amortization and write-downs	-2,775	-2,099	-7,690	-5,795
Non-recurring items and pensions	-239	-116	62	1,401
Share of earnings in associates	2,339	-759	2,390	-827
Operating income	**2,745**	**206**	**4,544**	**4,076**

Telia Internet Services contributed to the improvement in earnings by reducing its deficit by MSEK 74.

Telia International Carrier burdened Group earnings. The deficit grew to MSEK -614 during the third quarter. Bad debt expenses burdened earnings in the amount of MSEK 233, of which MSEK 191 are increased reserve for doubtful receivables.

For the nine-month period as a whole, underlying EBITDA rose 5 percent to MSEK 9,782.

Earnings from associated companies

Earnings from associated companies increased to MSEK 2,339 compared with MSEK -759 in the third quarter 2000. The increase is chiefly attributable to a capital gain of MSEK 2,991 from the sale of shares in Eniro and to the fact that the mobile operator Tess and Eircom's mobile operations Eircell, which were previously a burden on Group earnings, were divested in the second quarter. Telia's holding in Eircom will be divested in the fourth quarter, which is expected to yield a capital gain of GSEK 0.9.

The Nordic portal operator Scandinavia Online burdened earnings due to a write-down of goodwill in the company. Telia and the other majority shareholders, Schibsted and Telenor, have agreed to divest the company.

Earnings from Associated Companies

MSEK	Jul-Sep 2001	Jul-Sep 2000	Jan-Sep 2001	Jan-Sep 2000
Baltic states (Mobile/Networks)	45	76	125	148
Comsource/Eircom (Networks)	-87	-280	-1,053	-800
Unisource/AUCS (Equity)	4	183	-106	1,246
Telia Overseas (Equity)	54	-444	2,655	-1,087
Eniro (Equity)	3,043	–	3,423	–
Other associates (incl. Netia)	-720	-294	-2,654	-334
Total	**2,339**	**-759**	**2,390**	**-827**

Earnings from associated companies for the nine-month period increased to MSEK 2,390 compared with MSEK -827 year on year. In addition to reported items in the third quarter, goodwill in Netia was written down MSEK -1,820 in the second quarter, and at the same time, Tess was divested with a capital gain of MSEK 2,623.

Non-recurring items

Non-recurring items in the third quarter totaled MSEK -239 compared with MSEK -116 year on year.

Within the previously announced necessary reserves of approximately MSEK 800, the sale of Telia Internet, Inc. had a MSEK -270 impact on earnings and the phase-out of Telia's satellite operations affected earnings by MSEK -500.

Non-recurring items also include capital gains from the sale of real estate properties and revaluation of pension commitments that had a positive impact on earnings of MSEK 510 and MSEK 156, respectively. A capital loss from the sale of Telia Iberia burdened earnings by MSEK -105.

Non-recurring items during the nine-month period totaled MSEK 62 compared with MSEK 1,401 year on year. The higher figure from 2000 was due to the divestiture of the Norwegian fixed network operations.

Operating income/Net income

Improvement in underlying EBITDA and increased earnings from associated companies more than compensated for increased depreciation and negative effects from non-recurring items, which led to an improvement in operating income in the third quarter, from MSEK 206 to MSEK 2,745. During the nine-month period, operating income increased from MSEK 4,076 to MSEK 4,544, year on year.

Net income totaled MSEK 1,900 for the third quarter and MSEK 2,441 for the nine-month period.

Financial Position and Cash Flow

The Group's financial position remains good. The balance sheet total increased during the nine-month period along with the positive sales growth. The interest coverage ratio was weaker compared to last year, which is attributable to interest on loans raised during the last six months of 2000 for financing the acquisition of NetCom.

The interest coverage ratio improved from the second quarter and the debt/equity ratio, which was already low, compared to other operators with similar operations, decreased over the last six months from 0.42 to 0.26.

MSEK	30 Sep 2001	31 Dec 2000	31 Dec 1999
Interest coverage ratio (multiple)	3.3	7.3	8.5
Growth in total assets (%)	6.9	60.2	13.9
Asset turnover rate (multiple)	0.46	0.54	0.72
Equity/assets ratio (%)	46.3	44.4	41.0
Capital employed	96,596	92,374	50,936
Operating capital	78,026	75,042	39,160
Net interest-bearing liability	15,769	20,235	7,527
Debt/equity ratio (multiple)	0.26	0.37	0.24

The streamlining of the Group's operations through divestitures brought in a cash inflow totaling MSEK 4,331 in the third quarter. Combined with increased cash flow from operating activities, this further improved operating cash flow compared with the preceding quarter.

The year 2000 dividend of SEK 0.50 per share, or a total of MSEK 1,501, was paid out on 18 May.

Investments

Investments increased 11 percent compared with the prior year quarter, adjusted for the acquisition of NetCom.

Investment by Class of Asset

MSEK	Jul-Sep 2001	Jul-Sep 2000	Jan-Sep 2001	Jan-Sep 2000
Goodwill	82	11,457	535	22,852
Other intangible assets	1,265	-154	1,379	183
Real estate	96	33	193	386
Machinery and equipment	4,269	3,490	11,292	8,826
Fixed telephony installations	*1,801*	*958*	*3,436*	*1,724*
Mobile telephony installations	*422*	*355*	*1,113*	*786*
Other machinery and equipment	*2,046*	*2,177*	*6,743*	*6,316*
Shares and participations	253	1,919	2,179	5,184
Total	**5,965**	**16,745**	**15,578**	**37,431**

Capital expenditure increased almost 70 percent to MSEK 5,630 in the third quarter. The majority of these investments were focused on the expansion of the international carrier network, broadband expansion in Sweden and greater capacity in the Nordic mobile networks. Furthermore, the fee for the UMTS license in Denmark obtained during the quarter totaled MSEK 1,170, of which MSEK 246 was paid in cash.

The majority of investments in shares and participations in the third quarter concerned the associated company Svenska UMTS-nät.

Continued refine and focus efforts

Telia is continuing to drive its refine and focus strategy and additional operations were divested in the third quarter. Divestitures are reported in the business area Telia Equity.

In October an agreement was signed for the sale of 91 percent of Orbiant to Flextronics.

Employees

The Group's refine and focus strategy, primarily the partial divestitures of Eniro and Telefos, entailed a 15 percent reduction in the average number of employees to 25,664 during the nine-month period compared with 30,307 for the full year 2000.

Financial Information

Year-End Report	8 February
Annual General Meeting	23 April
First Quarter Report Jan-Mar	6 May
Semiannual Report Jan–Jun	6 August

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Review of Business Areas

Telia Mobile

Continued strong customer growth, increased SMS usage and increased traffic per customer, primarily in Sweden and Norway, contributed to a 21 percent surge in external net sales to MSEK 4,439 in the third quarter. Sales growth in the nine-month period was 20 percent for comparable units.

Telia Mobile added 109,000 customers in the Nordic countries, for a total of 4,837,000, while the number of customers via service providers increased by 23,000 to 204,000.

Underlying EBITDA climbed 53 percent to MSEK 1,448 and the margin improved from 23 to 30 percent.

MSEK	Jul-Sep 2001	Jul-Sep 2000	Jan-Sep 2001	Jan-Sep 2000
Net sales	4,861	4,130	13,349	10,215
of which external	4,439	3,664	12,057	8,670
Underlying EBITDA	1,448	944	3,708	2,260
EBITDA margin (%)	29.8	22.9	27.8	22.1
Operating income	545	317	1,362	1,098
Investments	2,092	11,887	3,294	24,623
Mobile telephony, Sweden				
Net sales	3,084	2,763	8,564	7,947
of which external	2,715	2,323	7,418	6,538
Underlying EBITDA	1,429	1,123	3,833	2,934
EBITDA margin (%)	46.3	40.6	44.8	36.9
Investments	448	254	952	656
Mobile telephony, Norway				
Net sales	1,198	803	3,157	803
of which external	1,190	796	3,135	796
Underlying EBITDA	424	223	1,034	223
EBITDA margin (%)	35.4	27.8	32.8	27.8
Investments	214	11,498	501	22,860
Mobile telephony, Denmark				
Net sales	187	143	554	368
of which external	155	137	482	311
Underlying EBITDA	-128	-185	-347	-350
EBITDA margin (%)	neg	neg	neg	neg
Investments	1,296	59	1,456	67
Mobile telephony, Finland				
Net sales	175	109	470	248
of which external	175	109	456	246
Underlying EBITDA	-95	-108	-265	-387
EBITDA margin (%)	neg	neg	neg	neg
Investments	94	18	217	127

Earnings from associated companies increased from MSEK 1 to MSEK 107. Companies in the Baltic states and Russia increased their total customer base by 189,000 to 1,617,000.

Operating income showed a 72 percent improvement, to MSEK 545. Earnings were burdened by goodwill amortization of MSEK 325 from the acquisition of NetCom and a MSEK 147 write-down of existing technical platforms for mobile portals.

The mobile portals for the Nordic market are being concentrated in order to streamline operations and create synergies. Technological coordination of existing platforms is also underway.

During the quarter, GPRS was launched in Sweden and Finland. GPRS was already introduced in Norway at the beginning of the year. Telia was awarded a UMTS license in Denmark. This means that Telia is able to execute its strategy and offer UMTS services throughout the Nordic countries. Work is underway on realizing synergy gains in the Nordic countries. A number of pan-Nordic services are under development and work creating a shared billing platform is progressing according to plan.

In order to strengthen Telia's presence on the rapidly growing Russian market, Telia is participating in the current consolidation focused on creating a mobile operator able to provide services over large parts of the Russian market. Telia expects to own 18 percent of the company.

Investments in the third quarter totaled MSEK 2,092. Of this, MSEK 1,170 concerned the UMTS license in Denmark and the remaining amount primarily concerned investments in the expansion of GSM capacity in Sweden and Norway and the expansion of GSM networks in Denmark and Finland. A lesser part concerned GPRS and UMTS in Norway.

Mobile telephony, Sweden

External net sales jumped 17 percent to MSEK 2,715 despite a price level 5 percent lower than the prior year quarter.

The number of GSM customers increased by 74,000 to 3,249,000, while the number of customers via service providers increased by 12,000 to 83,000.

The average traffic volume per customer and month rose from 123 to 129 minutes.

During the quarter, nearly 108 million SMS messages were sent, up 93 percent from the same quarter of 2000.

The average monthly revenue per customer (ARPU) increased from SEK 280 to SEK 303 compared with the second quarter. Compared with the third quarter of 2000, ARPU was somewhat lower due to the lower price level on incoming traffic and changes in the product mix.

The introduction of number portability on 1 September has so far only had a marginal impact. Churn remained at the same level as in the second quarter.

Earnings improved. Underlying EBITDA climbed 27 percent to MSEK 1,429 and the margin improved from 41 to 46 percent. This improvement in earnings is attributable to volume growth, streamlining measures and lower discounts on devices.

At the beginning of September, GPRS was introduced on the Swedish market. GPRS is offered as a value-added service to GSM, Telia Mobile OnLine, with easy customer activation. The service provides access to Internet services, including e-mail.

New SMS services are being introduced on the market; MobileQuiz (a quiz game service), InfoBrain (a service for group mailings, contests and voting) and QuickDeal (a service for marketing).

An agreement was signed with Wayne's Coffee for the installation of HomeRun at the company's cafés throughout Sweden.

Mobile telephony, Norway

External net sales rose 49 percent to MSEK 1,190 in the third quarter compared with the prior year quarter.

The number of GSM customers increased by 21,000 to 905,000, while the number of customers via service providers climbed by 11,000 to 121,000.

During the quarter, 134 million SMS messages were sent, up 63 percent from the same quarter of 2000.

The average traffic volume per customer per month rose from 145 to 147 minutes and ARPU climbed from NOK 327 to NOK 341.

Greater volatility in the consumer sector entailed a slight increase in churn compared with the second quarter.

Earnings improved. Underlying EBITDA climbed 90 percent to MSEK 424 and the margin improved from 28 to 35 percent. The improvement is attributable to volume growth and cost management.

Tests were implemented during the quarter on new, sophisticated SMS services (MMS - Multimedia Messaging Services), which make it possible to send and receive pictures over a mobile phone, among other features.

The expansion of UMTS was initiated during the quarter.

Mobile telephony, other Nordic countries

Denmark

The Danish operations showed weak development in the quarter. Sales increased 13 percent compared with 55 percent for the nine-month period as a whole. Competing operators mounted aggressive marketing combined with high discounts on devices during the quarter. Telia's restrictive discount strategy led to a decline in the customer base by 3,000 to 351,000.

Weak volume growth and higher costs for the new billing system meant that the improvement in earnings was also weak during the quarter.

The GSM 900 network is being expanded in order to increase Telia's competitiveness on the Danish market. The network, which is expected to be rolled out next year, will allow Telia to offer more attractive prices and nationwide service coverage.

Finland

In the Finnish market, sales jumped 61 percent to MSEK 175 compared with the same quarter of 2000. The prepaid card introduced in the second quarter was well received on the market. In the third quarter, the number of customers rose by 19,000 to 186,000. Prepaid card customers represented the strongest growth.

Earnings improved, but the operations still show a deficit.

The GPRS service Telia Mobile OnLine was launched at the beginning of October.

The retail outlet business is being streamlined through a merger of the chains Telia Viestituote and Telia Vaihtoehtoliike, creating a new nationwide chain under the Telia brand.

Telia Internet Services

Continued strong demand on Internet access contributed to a 33 percent year on year increase in external sales to MSEK 797. Broadband access represented the most powerful growth and the number of paying broadband customers surged by 52,000 to 228,000.

Sales growth for the nine-month period was 29 percent, and Telia further strengthened its position on the broadband market in Sweden.

MSEK	Jul-Sep 2001	Jul-Sep 2000	Jan-Sep 2001	Jan-Sep 2000
Net sales	765	639	2,337	1,928
of which external	797	601	2,325	1,796
Underlying EBITDA	-229	-303	-747	-921
EBITDA margin (%)	neg	neg	neg	neg
Operating income	-361	-348	-1,088	-1,044
Investments	129	247	672	479
Sweden				
Net sales	644	536	1,996	1,671
of which external	676	498	1,985	1,540
Underlying EBITDA	-208	-290	-697	-890
EBITDA margin (%)	neg	neg	neg	neg
Investments	84	180	562	381

Telia Internet Services has substantially shortened its delivery times and during the month of September, Telia was able to begin actively marketing its Internet services. At the same time, com hem was integrated into the operations in order to leverage synergies and increase penetration on the broadband market.

Earnings improved. Third-quarter underlying EBITDA totaled MSEK -229 compared with MSEK -303 year on year. The deficit is due to the fact that the initiatives currently underway aimed at building up a broadband market for Internet-based services incur costs for IT systems, customer support and service development.

Sweden's price level for broadband accesses is low compared to the rest of Europe. Those price increases that Telia has decided to implement have so far only had a lesser impact on earnings. The ADSL/LAN price increase

took effect on 1 September for new customers and for existing direct connection customers. Telia is negotiating with property owners regarding group-based customers, which comprise 45 percent of ADSL customers. The Internet Cable price increase took effect on 1 July.

Underlying EBITDA decreased somewhat compared with the second quarter. This decline is due to seasonal variation – demand is lower during the summer months of July and August – and to increased sales and marketing costs.

Operating income fell from MSEK -348 to MSEK -361 due to increased depreciation.

Investments totaled MSEK 129 in the third quarter. The majority of these investments concerned the conversion of the cable television network to broadband Internet and the development of content services.

Accesses

Sales of Internet accesses increased 51 percent to MSEK 494.

In Sweden, the number of paying broadband customers increased by 46,000. The strongest growth was in ADSL, where 42,000 customers were added. Internet Cable increased by 4,000 to 42,000. Dedicated broadband accesses for businesses (ProLane) increased by 117 to 2,647.

Demand for dial-up access remained strong. 12,000 accesses were added for a total of 736,000

An access service for businesses based on ADSL, Telia Bredband Företag Bas, was launched during the quarter. Demand for this service was strong.

On the Danish market, where Telia offers broadband access via the cable television company Stofa, the number of paying broadband customers climbed by 6,000 to 49,000, allowing Telia to maintain its position as the second largest broadband provider in Denmark.

Services

Revenues from Internet-based services increased from MSEK 12 to MSEK 31. The strongest demand was for portal, e-commerce and security services.

The third quarter saw the launch of Telia E-mail Marketing Tool, a tool for marketing, and Telia Internet Web Light, a web hosting service where companies can store their web pages.

Services aimed at consumers are available on the broadband portal www.startsidan.telia.se. The number of unique visitors is steadily rising and the latest measurement in August showed a total of 523,000.

Television

Revenues from the television operations increased 3 percent to MSEK 258 compared with 17 percent for the nine-month period. The weaker growth for the quarter is due to seasonal variation in sales of installation work in the Danish operations.

Most of the Swedish cable television network is digitized and the number of digital TV subscriptions increased by 8,000 to 116,000. A new agreement gives Telia rights to send live broadcasts of the Premier Division Swedish soccer games. These broadcasts are generating great interest and sales are good.

In Denmark at the end of the period, Stofa had 180,000 cable television customers with direct connections and 430,000 customers with parabolic antenna connections.

Telia International Carrier

Growth in the international carrier business remained strong. External net sales rose 37 percent to MSEK 976 during the third quarter compared with the same quarter of 2000. The increase for the nine-month period was 25 percent.

The market continued to be turbulent through the third quarter with the shakeout of players and consequent heightened credit risks. Telia expected a break in the negative earnings trend in the carrier business during the third quarter, but this did not become a reality. Action has now been taken to improve earnings. (Reported below under Earnings).

MSEK	Jul-Sep 2001	Jul-Sep 2000	Jan-Sep 2001	Jan-Sep 2000
Net sales	1,283	1,000	3,361	2,852
of which external	976	710	2,548	2,034
Underlying EBITDA	-614	-87	-1,181	-178
EBITDA margin (%)	neg	neg	neg	neg
Operating income	-749	-127	-1,489	-324
Investments	1,643	1,333	3,903	3,793

Large segments of the Viking Network are now established and various routes are gradually being brought into service. An additional 5,000 kilometers of the network were lit up in the United States during the quarter. This means that 16,000 kilometers of the 18,000-kilometer long fiber-optic network are in service.

In Europe, investments were concentrated on the installation of fiber and ducts in Austria, the Czech Republic and Poland and on the buildout of the Baltic submarine cable system. At the end of the period, 90 percent of the 15,000-kilometer long fiber-optic network in Europe was in service.

As the network is made ready, Telia can deliver sold infrastructure and capacity and connect customers to the network. The operations are entering a new phase in which the focus is on marketing and sales.

Capacity showed robust growth and sales surged 185 percent to MSEK 251 in the third quarter, along with IP traffic, where revenues jumped from MSEK 18 to MSEK 59 year on year.

Demand on the recently launched co-location service is solid and the service had sales of MSEK 35 in the third quarter. The service is being built up, but Telia is already able to offer operators and service providers connections to its facilities at some 50 locations in Europe and the United States.

Sales for voice, which represents the greater part of the carrier revenues, were mainly unchanged.

For infrastructure, sales surged from MSEK 17 to MSEK 63. Demand for infrastructure has weakened and no further agreements were signed in the third quarter.

Investments in the third quarter totaled MSEK 1,643. The majority of these investments concerned installations of DWDM and IP equipment in the American section of the Viking Network and installation of infrastructure in Central and Eastern Europe.

Earnings

Third-quarter underlying EBITDA totaled MSEK -614 compared to MSEK -302 during the second quarter. This was due to increased bad debt expense and increased costs for leased capacity and operation and maintenance.

The bad debt expense burdened earnings in the amount of MSEK 233 in the third quarter, of which MSEK 191 are increased reserve for doubtful receivables. At the same time, costs for leased capacity remained high. In order to satisfy customer demand and secure future traffic volumes, additional capacity was leased in peripheral segments of the network where Telia's own infrastructure is not yet ready.

Several actions are being taken in order to reduce the cost level and to increase sales.

- Further tightening of the credit policy
- Renegotiating agreements for operation and maintenance and limiting the number of vendors to a few strategic partners
- Reinforcing sales and marketing resources
- Completing the network build-out and transferring traffic on leased lines over to the Viking Network.

Telia Networks

Continued growth in the wholesale operations, increased sales of value-added services on the retail market and a somewhat higher price level (2 percent) compensated for a decline in sales of telephony on the Swedish retail market.

MSEK	Jul-Sep 2001	Jul-Sep 2000	Jan-Sep 2001	Jan-Sep 2000
Net sales	8,707	8,947	26,356	29,093
of which external	7,601	7,199	22,773	22,371
Underlying EBITDA	3,052	2,655	8,629	8,101
EBITDA margin (%)	35.1	29.7	32.7	27.8
Operating income	977	901	1,149	4,824
Investments	1,877	2,436	5,168	4,951
Sweden				
Net sales	8,225	8,603	24,917	27,941
of which external	7,254	6,860	21,699	21,423
Underlying EBITDA	3,060	2,597	8,623	8,135
EBITDA margin (%)	37.2	30.2	34.6	29.1
Investments	1,402	257	3,901	2,498

The third quarter showed an increase in external net sales for comparable units by 1 percent to MSEK 7,601 compared with the same quarter of 2000.

Earnings improved and the margin was strengthened during the quarter.

Sales for comparable units for the nine-month period were on a par with sales in the prior year period.

Retail market

Retail sales totaled MSEK 6,407, which is on the same level as the same quarter of 2000.

Sales on the Swedish market increased 11 percent for data communications, IT services and other value-added services, to MSEK 651. Sales of network capacity increased 5 percent to MSEK 508, while customer premises equipment remained at approximately the same level, MSEK 325.

Sales of fixed telephony decreased 2 percent to MSEK 4,806. The price level was 3 percent higher and the decline in sales is due to the fact that Telia lost further market shares on local calling.

Sales in the Danish market climbed 27 percent to MSEK 144.

Telia City Connect, a concept that targets network owners, for example municipalities, was launched during the quarter. This concept entails Telia taking responsibility for operation and maintenance of others' networks and distributing services to end-customers via the networks.

Wholesale market

Sales in the wholesale operations climbed 53 percent to MSEK 1,194. Sales of leased capacity climbed 25 percent. The acquisition of Powercom in the second quarter affected sales by approximately MSEK 100. Furthermore, sales in the wholesale operations were affected positively by sales that were previously intercompany sales becoming external sales through the divestiture of Swedia Networks. Growth was 17 percent for comparable units during the quarter.

Earnings

Earnings in the fixed network operations improved. Underlying EBITDA increased MSEK 397 to MSEK 3,052 and the margin improved from 29.7 to 35.1 percent. The strengthened margin is attributable to cost management and a higher price level.

Depreciation increased by MSEK 183 to MSEK 1,350. Earnings from associated companies declined from MSEK -414 to MSEK -624, chiefly attributable to Netia.

Earnings from Comsource/Eircom improved from MSEK -280 to MSEK -87. This improvement is chiefly attributable to reduced financial costs in Comsource after the divestiture of the mobile operator company Eircell.

Non-recurring items totaled MSEK -98, compared with MSEK -172 year on year. Operating income increased from MSEK 901 to MSEK 977.

The subscription fee increase for fixed telephony that Telia announced at the end of August was based on a new

calculation model. The calculation model is in line with the European Commission's recommendations, but has not previously been applied in Sweden. The Swedish National Post and Telecom Agency (PTS) wishes to discuss the calculation model with players in the industry before it is used by any individual operator. Telia accepts this and has decided not to effect the price increase.

Investments

Third quarter investments totaled MSEK 1,877. A substantial part of this was for the expansion of ADSL in Sweden. The number of ADSL/LAN connections climbed by 50,000 to 172,000. Of these, 42,000 connections were deliveries to the business area Telia Internet Services and the remaining 8,000 were to external service providers. At the end of the period, Telia was able to offer ADSL to 70 percent of the Swedish population spread over 150 locations.

In order to meet the growing demand on capacity in the transport network, the nationwide fiber-optic network was further expanded while the fiber-optic networks in Stockholm, Gothenburg and Malmö were built up.

Telia Equity

Telia Equity is responsible for whole and partial divestitures of operations that are not included in Telia's core businesses and manages and develops the Group's financial investments.

MSEK	Jul-Sep 2001	Jul-Sep 2000	Jan-Sep 2001	Jan-Sep 2000
Net sales	1,537	4,477	8,526	13,649
of which external	580	1,260	2,392	4,487
Underlying EBITDA	24	226	188	1,046
EBITDA margin (%)	1.6	5.0	2.2	7.7
Operating income	1,812	-281	4,466	852
Investments	217	882	2,587	3,671

Among other transfers during the quarter, the associated companies Unisource/AUCS and Infonet Services as well as the subsidiary Telia Iberia were transferred to Telia Equity from the business area Telia Networks. In addition, Telia Internet, Inc. was transferred from the business area Telia International Carrier.

At the beginning of the third quarter, half of the holding in Eniro was divested. Telia's holding after the sale stands at 25.5 percent.

At the end of the quarter, the Internet service provider Telia Iberia was divested, as was the American Internet service provider Telia Internet at the beginning of October.

As a result of the divestitures over the past year, Equity's sales fell from MSEK 1,260 to MSEK 580 compared with the same quarter of 2000. At the same time, underlying EBITDA fell from MSEK 226 to MSEK 24.

For those companies that remained within Telia Equity at the end of the quarter, sales totaled MSEK 533 and underlying EBITDA totaled MSEK 156.

Earnings from associated companies improved, from MSEK -343, to MSEK 2,871. The increase is primarily attributable to a capital gain of MSEK 2,991 from the sale of shares in Eniro. Scandinavia Online burdened earnings, partially due to a write-down of goodwill. Telia and the other majority shareholders, Schibsted and Telenor, have agreed to divest the company.

Non-recurring items totaled MSEK -900, compared with MSEK 67 for the same quarter of 2000. A capital loss from the sale of Telia Iberia affected earnings by MSEK -105.

Furthermore, non-recurring items include MSEK -270 related to the sale of Telia Internet and MSEK -500 for the phase-out of Telia's satellite operations. Telia already declared that a reserve of approximately MSEK 800 was made for these activities. Operating income increased from MSEK -281 to MSEK 1,812.

Investments totaled MSEK 217. MSEK 77 was invested in the leasing operations and MSEK 42 by the fixed network operator Suntel in Sri Lanka.

At the end of October 2001, an agreement was signed for the sale of 91 percent of Orbiant to Flextronics. The Orbiant group consists of six companies active in design, installation, operation and maintenance of networks and other telecommunications equipment. The companies together have a workforce of 5,400 employees and third quarter sales totaling MSEK 1,154, of which MSEK 270 comprised sales outside the Telia Group. Underlying EBITDA was MSEK 23.

The capital gain from the sale is expected to total approximately MSEK 500. In addition to this there may be additional consideration of a maximum of MSEK 2,300 depending on how the companies develop in 2002-2004.

Parent Company

The parent company Telia AB, whose Board of Directors is registered in Stockholm, contains the Group's Swedish operations for fixed network development and operation, and provides basic production of network services. The parent company also comprises Group executive management functions, support units, and the Group's internal banking operations.

Net sales for the nine-month period were MSEK 16,752 (17,205), of which MSEK 13,899 (14,979) was invoiced to subsidiaries. Profit before appropriations and taxes dropped to MSEK -3,046 (5,794), partly due to a write-down of several shareholdings and reduced Group contributions from subsidiaries.

Net income after appropriations and tax was MSEK -1,061 (4,307). Equity was MSEK 33,897 (36,459 at year-end), and retained earnings MSEK 10,399 (12,961).

The balance sheet total decreased, to MSEK 84,296 (91,494 at 31 December 2000). Cash flow from continuing operating activities was MSEK 1,277 (3,407), while operating cash flow was MSEK 612 (-20,657). Net borrowings

expanded somewhat, to MSEK 6,188 (6,079 at year-end). Cash and cash equivalents totaled MSEK 439 (538).

The equity/assets ratio (including the equity component of untaxed reserves) improved to 52.3 percent (50.4 percent).

Investments during the nine-month period totaled MSEK 7,885 (13,931), including MSEK 3,529 (2,303) in tangible fixed assets, primarily for fixed telephony. Other investments totaling MSEK 4,356 (11,628) were primarily attributable to acquisitions of and capital infusions in subsidiaries and associated companies.

The number of employees at 30 September was 3,176 (1,056 at year-end). The increase is due to the transfer of personnel within the network wholesale operations back to the parent company.

Outlook

The extensive refine and focus efforts that have been carried out increase the efficiency of the Group and sharpen its focus on its core businesses. Combined with strong finances, this lays a solid foundation for long-term growth and a positive earnings trend.

The overall uncertainty in the global economy may have a decelerating effect on the short-term.

Stockholm, 7 November 2001

Marianne Nivert
President and CEO

Auditors' Review Report

We have made a review of this third quarter report in accordance with recommendations issued by the Swedish Institute of Authorized Public Accountants. A review is substantially limited in scope in comparison to an audit. Nothing has come to our attention that indicates that this third quarter report fails to comply with the requirements of the Swedish Securities Exchange Act and International Accounting Standards (IAS).

Stockholm, 7 November 2001

Ernst & Young AB

Gunnar Widhagen
Authorized Public Accountant

Filip Cassel
Authorized Public Accountant

Torsten Lyth
Authorized Public Accountant

Group Income Statements

MSEK	Jul-Sep 2001	Jul-Sep 2000	Jan-Sep 2001	Jan-Sep 2000	Oct 2000-Sep 2001	Full year 2000	Full year 1999
Net sales	14,431	13,487	42,226	39,524	56,766	54,064	52,121
Costs of production	-9,432	-8,543	-27,433	-24,615	-35,846	-33,028	-31,206
Gross income	**4,999**	**4,944**	**14,793**	**14,909**	**20,920**	**21,036**	**20,915**
Sales, administrative and R&D expenses	-4,272	-4,034	-12,596	-12,247	-16,675	-16,326	-14,887
Other operating revenues & expenses, net	-321	55	-43	2,241	6,209	8,493	-805
Share of earnings in associates	2,339	-759	2,390	-827	2,020	-1,197	723
Operating income	**2,745**	**206**	**4,544**	**4,076**	**12,474**	**12,006**	**5,946**
Net financial income/expense	-254	61	-642	-17	-914	-289	34
Income after financial items	**2,491**	**267**	**3,902**	**4,059**	**11,560**	**11,717**	**5,980**
Taxes	-573	-77	-1,421	-1,200	-1,668	-1,447	-1,754
Minority shares	-18	-18	-40	11	-43	8	-4
Net income	**1,900**	**172**	**2,441**	**2,870**	**9,849**	**10,278**	**4,222**
Earnings per share (SEK)	0.63	0.06	0.81	0.99	3.28	3.50	1.48
after dilution (SEK)	0.63	0.06	0.81	0.99	3.28	3.50	1.48

Quarterly Data

	2001			2000				1999	
MSEK	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net sales	14,431	14,203	13,592	14,540	13,487	13,180	12,857	14,887	11,771
Underlying EBITDA	3,420	3,014	3,348	3,790	3,180	2,857	3,260	3,343	3,466
Non-recurring items & pensions	-239	271	30	6,937	-116	201	1,316	-7	-273
Share of earnings in associates	2,339	208	-157	-370	-759	-710	642	1,213	-153
EBITDA	5,520	3,493	3,221	10,357	2,305	2,348	5,218	4,549	3,040
Depreciation, amortization & write-downs	-2,775	-2,505	-2,410	-2,427	-2,099	-1,860	-1,836	-2,044	-1,890
Operating income	2,745	988	811	7,930	206	488	3,382	2,505	1,150
Income after financial items	2,491	909	502	7,658	267	356	3,436	2,445	1,244
Net income	1,900	250	291	7,408	172	308	2,390	1,755	869
Earnings per share (SEK)	0.63	0.08	0.10	2.47	0.06	0.10	0.84	0.62	0.30
after dilution (SEK)	0.63	0.08	0.10	2.47	0.06	0.10	0.84	0.62	0.30
Investments	5,965	5,954	3,659	10,311	16,745	16,042	4,644	4,912	2,121
of which CAPEX	5,630	3,666	3,568	7,185	3,369	3,841	2,185	2,638	1,679
of which goodwill, shares & participations	335	2,288	91	3,126	13,376	12,201	2,459	2,274	442

Group Balance Sheets

MSEK	30 Sep 2001	30 Sep 2000	31 Dec 2000	31 Dec 1999
Assets				
Intangible fixed assets	28,439	25,268	25,198	2,146
Tangible fixed assets	49,449	38,974	43,807	33,318
Financial fixed assets	18,934	20,707	22,335	18,023
Inventories etc.	854	1,359	773	971
Receivables	32,170	29,783	29,072	20,369
Current investments	345	189	178	1,264
Cash and bank deposits	948	1,241	1,352	513
Total assets	**131,139**	**117,521**	**122,715**	**76,604**
Equity and liabilities				
Equity	61,884	48,482	55,988	32,893
Minority shares	1,536	700	320	210
Provisions for pensions	2,529	3,229	3,525	3,246
Other provisions	9,109	6,455	7,826	7,242
Long-term loans	25,984	20,583	20,876	9,123
Short-term loans	5,825	17,421	13,166	6,934
Non-interest-bearing liabilities	24,272	20,651	21,014	16,956
Total equity and liabilities	**131,139**	**117,521**	**122,715**	**76,604**

Group Cash Flow Statements

MSEK	Jul-Sep 2001	Jul-Sep 2000	Jan-Sep 2001	Jan-Sep 2000	Oct 2000-Sep 2001	Full year 2000	Full year 1999
Cash flow before change in working capital	2,400	3,423	7,049	7,005	9,633	9,589	12,215
Change in working capital	716	-861	-1,123	380	-940	563	-1,500
Cash flow from operating activities	**3,116**	**2,562**	**5,926**	**7,385**	**8,693**	**10,152**	**10,715**
Cash flow from investing activities	1,629	-28,485	-1,049	-37,840	-330	-37,121	-10,701
Operating cash flow	**4,745**	**-25,923**	**4,877**	**-30,455**	**8,363**	**-26,969**	**14**
Cash flow from financing activities	-5,021	21,751	-5,426	30,133	-8,741	26,818	1 005
Cash flow for the period	**-276**	**-4,172**	**-549**	**-322**	**-378**	**-151**	**1,019**
Net interest-bearing liability, opening balance	**19,069**	**-319**	**20,235**	**7,527**	**22,340**	**7,527**	**6,767**
Change in net borrowings	-2,801	22,615	-3,470	14,830	-5,871	12,429	-753
Change in pension liability	-499	44	-996	-17	-700	279	1,513
Net interest-bearing liability, closing balance	**15,769**	**22,340**	**15,769**	**22,340**	**15,769**	**20,235**	**7,527**

Statements of Changes in Group Equity

MSEK	30 Sep 2001	30 Sep 2000	31 Dec 2000	31 Dec 1999
Opening balance	**55,988**	**32,893**	**32,893**	**29,344**
Changes in accounting policies (IAS 39):				
- Market value of quoted securities	-161	–	–	–
- Gain/loss on instruments for hedging fair value and cash flow	-181	–	–	–
Adjusted opening balance	*55,646*	*32,893*	*32,893*	*29,344*
Dividend	-1,501	-1,470	-1,470	-1,400
New share issue	–	12,750	12,750	–
Underwriting expenses after tax, booked directly to equity	–	-206	-231	–
Transactions with outside parties	-128	–	-82	613
Share of earnings in companies previously outside the Group	–	29	29	–
Differences arising from the translation of foreign operations	5,787	1,679	2,127	19
Market value of quoted securities	-21	–	–	–
Gain/loss on instruments for cash flow hedging	102	–	–	–
Translation differences after tax on forward contracts used as equity hedge	-442	-63	-306	95
Net income for the period	2,441	2,870	10,278	4,222
Closing balance	**61,884**	**48,482**	**55,988**	**32,893**

Group Business Areas

Jul–Sep 2001

MSEK	Mobile	Internet Services	International Carrier	Networks	Equity	Group-wide	**Group total**
Net sales	4,861	765	1,283	8,707	1,537	-2,722	**14,431**
External net sales	4,439	797	976	7,601	580	38	**14,431**
Underlying EBITDA	1,448	-229	-614	3,052	24	-261	**3,420**
Depreciation, amortization & write-downs	-977	-108	-135	-1,350	-183	-22	**-2,775**
Non-recurring items and pensions	-33	-15	0	-98	-900	807	**-239**
Share of earnings in associates	107	-9	-1	-624	2,871	-5	**2,339**
Operating income	545	-361	-749	977	1,812	521	**2,745**
Operating capital	36,606	1,680	11,608	29,517	2,987	-4,372	**78,026**
Equity participation in associates	2,617	30	0	2,299	3,674	0	**8,620**
Investments	2,092	129	1,643	1,877	217	7	**5,965**
of which CAPEX	1,827	129	1,658	1,846	163	7	**5,630**
Number of employees	4,271	1,272	730	8,967	6,520	749	**22,509**

Jul–Sep 2000 (pro forma)

MSEK	Mobile	Internet Services	International Carrier	Networks	Equity	Group-wide	**Group total**
Net sales	4,130	639	1,000	8,947	4,477	-5,706	**13,487**
External net sales	3,664	601	710	7,199	1,260	53	**13,487**
Underlying EBITDA	944	-303	-87	2,655	226	-255	**3,180**
Depreciation, amortization & write-downs	-611	-45	-38	-1,167	-232	-6	**-2,099**
Non-recurring items and pensions	-17	0	0	-172	67	6	**-116**
Share of earnings in associates	1	0	-2	-414	-343	-1	**-759**
Operating income	317	-348	-127	901	-281	-256	**206**
Operating capital	31,885	851	4,141	30,214	6,581	-3,276	**70,396**
Equity participation in associates	2,122	0	7	5,376	3,372	0	**10,877**
Investments	11,887	247	1,333	2,436	882	-40	**16,745**
of which CAPEX	790	224	1,333	599	463	-40	**3,369**
Number of employees	3,999	1,044	562	9,441	16,572	841	**32,459**

Jan–Sep 2001

MSEK	Mobile	Internet Services	International Carrier	Networks	Equity	Group-wide	**Group total**
Net sales	13,349	2,337	3,361	26,356	8,526	-11,703	**42,226**
External net sales	12,057	2,325	2,548	22,773	2,392	131	**42,226**
Underlying EBITDA	3,708	-747	-1,181	8,629	188	-815	**9,782**
Depreciation, amortization & write-downs	-2,492	-281	-305	-3,890	-655	-67	**-7,690**
Non-recurring items and pensions	-47	-24	0	-60	-859	1,052	**62**
Share of earnings in associates	193	-36	-3	-3,530	5,792	-26	**2,390**
Operating income	1,362	-1,088	-1,489	1,149	4,466	144	**4,544**
Operating capital	36,606	1,680	11,608	29,517	2,987	-4,372	**78,026**
Equity participation in associates	2,617	30	0	2,299	3,674	0	**8,620**
Investments	3,294	672	3,903	5,168	2,587	-46	**15,578**
of which CAPEX	3,014	605	3,880	4,705	706	-46	**12,864**
Number of employees	4,271	1,272	730	8,967	6,520	749	**22,509**

Jan–Sep 2000 (pro forma)

MSEK	Mobile	Internet Services	International Carrier	Networks	Equity	Group-wide	**Group total**
Net sales	10,215	1,928	2,852	29,093	13,649	-18,213	**39,524**
External net sales	8,670	1,796	2,034	22,371	4,487	166	**39,524**
Underlying EBITDA	2,260	-921	-178	8,101	1,046	-1,011	**9,297**
Depreciation, amortization & write-downs	-1,239	-124	-136	-3,522	-693	-81	**-5,795**
Non-recurring items and pensions	11	1	5	1,365	256	-237	**1,401**
Share of earnings in associates	66	0	-15	-1,119	242	-1	**-827**
Operating income	1,098	-1,044	-324	4,824	852	-1,330	**4,076**
Operating capital	31,885	851	4,141	30,214	6,581	-3,276	**70,396**
Equity participation in associates	2,122	0	7	5,376	3,372	0	**10,877**
Investments	24,623	479	3,793	4,951	3,671	-86	**37,431**
of which CAPEX	1,366	456	3,787	2,583	1,291	-88	**9,395**
Number of employees	3,999	1,044	562	9,441	16,572	841	**32,459**

Jan–Dec 2000 (pro forma)

MSEK	Mobile	Internet Services	International Carrier	Networks	Equity	Group-wide	**Group total**
Net sales	14,557	2,793	4,068	39,692	18,445	-25,491	**54,064**
External net sales	12,365	2,501	2,966	30,174	5,846	212	**54,064**
Underlying EBITDA	3,396	-1,201	-423	11,340	1,599	-1,624	**13,087**
Depreciation, amortization & write-downs	-1,961	-191	-199	-4,800	-950	-121	**-8,222**
Non-recurring items and pensions	20	106	1	1,353	6,199	659	**8,338**
Share of earnings in associates	130	-21	-20	-1,309	23	0	**-1,197**
Operating income	1,585	-1,306	-641	6,584	6,870	-1,086	**12,006**
Operating capital	32,654	1,157	6,696	30,403	9,230	-5,098	**75,042**
Equity participation in associates	2,122	4	3	5,453	5,716	0	**13,298**
Investments	26,017	985	6,306	7,421	7,154	-141	**47,742**
of which CAPEX	2,365	912	6,200	5,173	2,073	-143	**16,580**
Number of employees	3,929	1,132	611	9,421	13,950	825	**29,868**

Geographic Segment Breakdown

Jan–Sep 2001

MSEK	Sweden	OtherNordic countries	Baltic region	Rest of Europe	Rest of world	**Group total**
External net sales	34,338	5,858	103	1,202	725	**42,226**
Depreciation, amortization & write-downs	-5,309	-1,988	-16	-169	-208	**-7,690**
Share of earnings in associates	2,919	-19	-2,047	-1,159	2,696	**2,390**
Operating income	8,514	-1,567	-2,065	-2,289	1,951	**4,544**
Operating capital	25,976	35,505	5,150	7,757	3,638	**78,026**
Equity participation in associates	793	-2	5,034	462	2,333	**8,620**
Investments	7,369	3,972	884	2,765	588	**15,578**
of which CAPEX	6,009	3,480	48	2,748	579	**12,864**
Number of employees	18,720	2,690	180	362	557	**22,509**

Jan–Sep 2000

MSEK	Sweden	OtherNordic countries	Baltic region	Rest of Europe	Rest of world	**Group total**
External net sales	34,439	3,276	114	889	806	**39,524**
Depreciation, amortization & write-downs	-4,794	-759	-14	-90	-138	**-5,795**
Share of earnings in associates	53	-7	-241	446	-1,078	**-827**
Operating income	5,172	159	-186	131	-1,200	**4,076**
Operating capital	26,238	30,042	7,195	3,233	3,688	**70,396**
Equity participation in associates	484	34	7,078	1,017	2,264	**10,877**
Investments	6,508	24,184	2,862	1,733	2,144	**37,431**
of which CAPEX	5,822	1,284	62	1,714	513	**9,395**
Number of employees	26,028	4,105	860	726	740	**32,459**

Jan–Dec 2000

MSEK	Sweden	Other Nordic countries	Baltic region	Rest of Europe	Rest of world	**Group total**
External net sales	46,469	5,094	137	1,292	1,072	**54,064**
Depreciation, amortization & write-downs	-6,581	-1,312	-19	-107	-203	**-8,222**
Share of earnings in associates	219	-9	-206	513	-1,714	**-1,197**
Operating income	14,274	-256	-160	-50	-1,802	**12,006**
Operating capital	26,287	30,739	7,103	4,741	6,172	**75,042**
Equity participation in associates	718	32	6,988	1,112	4,448	**13,298**
Investments	10,578	25,527	2,865	3,602	5,170	**47,742**
of which CAPEX	9,714	2,573	65	3,420	808	**16,580**
Number of employees	24,905	3,754	173	408	628	**29,868**

Notes to the Accounts

Non-recurring items and pensions

MSEK	Jul-Sep 2001	Jul-Sep 2000	Jan-Sep 2001	Jan-Sep 2000	Oct 2000-Sep 2001	Full year 2000	Full year 1999
Restructuring/phase-out	-510	–	-510	–	-510	–	-722
Common pension commitments etc.	156	-75	314	114	1,054	854	189
Initial public offering / Integration preparations	–	-1	–	-233	89	-144	-226
Year 2000 compliance	–	–	–	–	–	–	-604
Capital gains/losses (excl. associates)	115	-40	258	1,520	6,366	7,628	179
Total	**-239**	**-116**	**62**	**1,401**	**6,999**	**8,338**	**-1,184**

Fixed assets

	Intangible fixed assets						Tangible fixed assets		
	Goodwill			Other					
MSEK	30 Sep 2001	31 Dec 2000	31 Dec 1999	30 Sep 2001	31 Dec 2000	31 Dec 1999	30 Sep 2001	31 Dec 2000	31 Dec 1999
Opening balance	**23,935**	**1,143**	**1,029**	**1,263**	**1,003**	**815**	**43,807**	**33,318**	**34,801**
Purchases	535	22,893	335	1,379	509	373	11,494	16,084	7,342
Operations acquired	–	19	12	180	40	3	989	2,431	12
Sales/discards	-8	-31	-7	0	-23	-24	-667	-579	-1,322
Operations divested	-395	-251	–	-35	-4	–	-682	-387	–
Reclassifications	–	-10	-7	0	-76	-11	-579	54	44
Depreciation and amortization	-1,054	-655	-130	-251	-212	-156	-6,252	-7,352	-7,261
Write-downs/reversals of write-downs	-2	-1	-46	0	–	–	-147	-36	-115
Fixed-asset contributions from cable TV customers	–	–	–	–	–	–	7	21	45
Exchange rate differences	2,840	828	-43	52	26	3	1,479	253	-228
Closing balance	**25,851**	**23,935**	**1,143**	**2,588**	**1,263**	**1,003**	**49,449**	**43,807**	**33,318**

Cash flow from investing activities

MSEK	Jul-Sep 2001	Jul-Sep 2000	Jan-Sep 2001	Jan-Sep 2000	Oct 2000-Sep 2001	Full year 2000	Full year 1999
Shares, participations & operations acquired	-248	-22,942	-1,762	-26,033	-6,570	-30,841	-4,426
Shares, participations & operations divested	4,331	86	9,991	345	18,971	9,325	993
Acquisition of intangible & tangible fixed assets	-4,643	-3,396	-11,839	-9,422	-18,414	-15,997	-7,887
Other investing activities, net	2,189	-2,233	2,561	-2,730	5,683	392	619
Total	**1,629**	**-28,485**	**-1,049**	**-37,840**	**-330**	**-37,121**	**-10,701**

Financial instruments

	30 Sep 2001		1 Jan 2001 (pro forma)		31 Dec 2000	
MSEK	Book value	Market value	Book value	Market value	Book value	Market value
Participations in associated companies	8,620	10,969	13,298	23,173	13,298	23,173
Other holdings of securities	342	342	412	412	635	412
Other financial assets	15,972	15,900	15,345	15,277	15,345	15,277
Interest swaps, interest received	248	248	676	676	–	–
Interest swaps, interest paid	-249	-249	-646	-646	–	–
Currency swaps, received	8,527	8,527	12,675	12,675	–	–
Currency swaps, paid	-7,218	-7,218	-12,218	-12,218	–	–
Forward exchange contracts	441	441	360	360	–	–
Assets	**26,683**	**28,960**	**29,902**	**39,709**	**29,278**	**38,862**
Long-term loans	26,792	27,245	22,003	22,129	22,031	22,158
Short-term loans	5,954	5,973	13,476	13,483	13,462	13,483
Interest swaps, interest received	-1,729	-1,729	-1,408	-1,408	-2,066	-2,085
Interest swaps, interest paid	1,757	1,757	1,484	1,484	2,281	2,342
Currency swaps, received	-7,847	-7,847	-180	-180	-12,668	-12,855
Currency swaps, paid	7,274	7,274	212	212	11,831	12,220
Forward exchange contracts	671	671	551	551	199	191
Liabilities	**32,872**	**33,353**	**36,138**	**36,271**	**35,070**	**35,454**
less book value of accrued interest	-392		-829		-829	
less book value of forward exchange contracts	-671		-551		-199	
book value of interest-bearing liabilities	**31,809**		**34,758**		**34,042**	
Forward exchange contracts (portfolio)						
Buy foreign currency	15,217	15,217	10,114	10,114	9,937	10,114
Sell foreign currency	18,252	18,252	6,832	6,832	6,662	6,832

Changes in share capital

	Number of shares	Par value, SEK/share	Share capital, kSEK
Share capital, 31 Dec 1999	8,800,000	1,000.00	8,800,000
Bonus issue, 20 May 2000	–	1,036.80	323,840
324:1 split, 20 May 2000	2,842,400,000	3.20	–
New share issue, 16 June 2000	150,000,000	3.20	480,000
Share capital, 30 Sep 2000	3,001,200,000	3.20	9,603,840
Share capital, 30 Sep 2001	3,001,200,000	3.20	9,603,840

Average number of shares

Period	Number
Jul-Sep 2001	3,001,200,000
after dilution	3,001,200,000
Jul-Sep 2000	3,001,200,000
Jan-Sep 2001	3,001,200,000
after dilution	3,001,200,000
Jan-Sep 2000	2,909,776,642
Oct 2000-Sep 2001	3,001,200,000
after dilution	3,001,200,000
Full year 2000	2,932,757,377
Full year 1999	2,851,200,000

Contingent assets, contingent liabilities

MSEK	30 Sep 2001	31 Dec 2000
Contingent assets	–	–
Collateral pledged		
Shares (short-term investments)	141	–
Blocked funds in bank accounts	9	12
Total	**150**	**12**
Contingent liabilities		
Credit & performance guarantees, etc.	451	995
FPG/PRI	165	165
Other contingent liabilities	–	164
Total	**616**	**1,324**

Contractual investment obligations

MSEK	30 Sep 2001	31 Dec 2000
Tangible fixed assets	1,966	4,235
Indefeasible Rights of Use (IRU)	76	1,026
Associated & non-consolidated companies	53	145
	2,095	**5,406**

Accounting principles

Accounting standards. For the nine-month period, as well as in the most recent annual report, the Telia Group's accounts have been prepared in accordance with the Swedish Annual Accounts Act and applying International Accounting Standards (IAS). The accounts for the parent company Telia AB were prepared in accordance with Swedish law and generally accepted accounting principles in Sweden. This report was prepared in accordance with IAS 34 "Interim Financial Reporting".

Financial instruments. IAS 39 "Financial Instruments: Recognition and Measurement" took effect on 1 January 2001. Application of this standard means that financial instruments, with certain exceptions, are stated at fair value. Assets held to maturity, receivables arising from own lending and assets whose fair value cannot be reliably determined, e.g. unlisted shares and participations, are valued at their amortized cost. Telia considers quoted securities as available for sale, which means that the value change up to the date of trading is booked directly to equity.

Financial liabilities are valued primarily at amortized cost. Liabilities that are not held for trading and that are hedged against changes in fair value, however, are reported at fair value.

For balances and transactions to be regarded as hedged, the hedging action must have the express purpose of serving as a hedge, have a direct correlation to the hedged position, and also effectively hedge the position by producing financial effects that counteract the effects created by the position that is hedged.

Telia uses derivatives, such as interest rate and currency swaps and forward contracts, primarily to control exposure to fluctuations in interest rates and exchange rates. Loans are also used for hedging foreign exchange risks regarding net investments in foreign entities.

Derivatives are continuously valued at fair value and taken up in the balance sheet. Net value changes in derivatives used for hedging an asset or liability against changes in fair value and the hedged asset or liability are charged to the income statement. Value changes in outstanding derivatives used to hedge cash flow are booked directly to equity. Derivatives that do not satisfy the criteria for being reported as hedges are reported on a current basis in the balance sheet at fair value. Change in value is reported in the income statement. There are no agreements

that include embedded derivatives as per the balance sheet date.

IAS 39 may not be applied retroactively. In accordance with the transitional regulations, for those items that are affected by the changed policies, an accumulated adjustment of the opening balance after tax is booked directly to equity (see "Statement of Changes in Group Equity" above).

Pro forma accounts. A new Group structure was implemented on 1 April 2001, with minor adjustments in May and September. Accordingly, comparative figures for the business areas in this report have been restated pro forma.

Swedish GAAP. IAS differs in certain respects from Swedish GAAP, chiefly regarding the calculation of pension liabilities and pension expenses and accounting for financial instruments.

When calculating pension liabilities, according to IAS, in contrast to Swedish standards, assumptions must be made regarding anticipated pay raises, inflation, discount rates and employee turnover along with anticipated return on plan assets. Effects of changed assumptions and/or outcome other than the expected are recognized in the income statement in accordance with Swedish regulations. In accordance with IAS, such items are recognized only when the value goes outside a "corridor" equal to 10 percent of the greater of either pension obligations or the market value of plan assets, and then over the remaining employment period.

For financial instruments, Swedish standards differ from IAS mainly with regard to accounting for unrealized value changes in derivatives and publicly quoted securities and accounting for liabilities hedged against changes in fair value (cf. the description of IAS 39 above).

The application of Swedish GAAP has the following effects on the net income and equity of the Telia Group.

MSEK	Jan-Sep 2001	Jan-Sep 2000	Full year 2000
Net income as per IAS	**2,441**	**2,870**	**10,278**
Pensions	-978	260	293
Financial instruments	-142	–	–
Deferred tax	275	-73	-82
Net income as per Swedish GAAP	**1,596**	**3,057**	**10,489**
Shareholders' equity as per IAS	**61,884**	**48,482**	**55,988**
Pensions	255	1,200	1,233
Financial instruments	347	–	–
Deferred tax	-207	-336	-345
Shareholders' equity as per Swedish GAAP	**62,279**	**49,346**	**56,876**

U.S. GAAP. IAS differs in certain respects from U.S. GAAP. A complete reconciliation against U.S. GAAP is provided in the Group's 2000 Annual Report.

FASB Statement No. 133 "Accounting for Derivative Instruments and Hedging Activities" must be applied for a financial year beginning after 15 June 2000 and may not be applied retroactively. The changes to the accounting principles made with the transition to IAS 39 (see above) are in accordance with FAS 133. The previous reconciling item "Publicly quoted securities" is no longer used. FAS 133 may not be applied retroactively. The transitional regulations differ somewhat from IAS 39.

On 1 June, FASB Statements No. 141 "Business Combinations" and No. 142 "Goodwill and Other Intangible Assets" were published. These standards, which are applied to transactions after 1 July 2001, state that the pooling method will no longer be used, nor amortization on goodwill. Impairment will instead be determined on a continuous basis. The effect on earnings upon application of primarily FAS 142 is not material for the third quarter.

The operations during the first nine months of 2001 have otherwise not entailed any new reconciling items with U.S. GAAP.

Acquisitions and divestitures

Telia and Tele2 formed the jointly owned (50:50 split) company Svenska UMTS-nät AB during the first quarter. The company will build and operate UMTS networks. The parties will continue to be competitors, each with its own range of services. The agreement requires the approval of the Swedish Competition Authority.

Through acquisitions in January and April, Telia also owns 14 percent of the shares in TicketAnywhere Europe AB, active in the area of mobile travel services. In June, 10 percent of the shares in NGF NetGameFactory AB were acquired, a company that develops games and competitions for mobile telephones and the Internet.

In August, an agreement was signed to establish a pan-Russian mobile operator. The agreement means that operations in the Moscow area, among other operations, will be transferred to the St. Petersburg-based ZAO North West GSM, in which Telia directly and indirectly controls 24.5 percent of the shares. Telia expects to hold 17.8 percent of the reorganized company's shares.

The mobile portal Halebop was acquired at the end of August, with operations in the Swedish company Halebop AB and the Norwegian company Halebop Norway AS.

In conjunction with the bankruptcy of Enitel ASA, 50 percent of the shares in NorSea Com AS were acquired at the end of September, making it a wholly-owned subsidiary.

Telia expanded its broadband capacity in Denmark at the end of June through the acquisition of all of the shares in Powercom A/S.

KF, Skandia and Telia signed an agreement at the beginning of September to jointly establish Coop Bank, with the Internet as its main channel for services via fixed and mobile telephony. Telia's shareholding is 20 percent.

Telia sold all of its shares in the fixed network subsidiary Telia Finland Oy to Song Networks at the end of June.

On 13 May, Vodafone's acquisition of Eircell, the mobile operations of Eircom plc, was finalized, giving Telia an indirect holding of approximately 146.5 million shares in Vodafone. All shares were sold at the end of June. On

11 June, Valentia Telecommunication Ltd submitted a bid, raised in the beginning of August, on all shares in Eircom plc. Telia, which indirectly owns 14 percent of the shares in the company, is committed to accepting the bid. The transaction will be completed during the fourth quarter.

Operations were sold in January 2001 in the subsidiary Combinator IT AB, which handles project management and technical integration in distributed IT environments. In February, the subsidiary Telia Trading AB was divested, which sells and leases reconditioned telecom and datacom products. At the beginning of May, the call center operations Direct Response Services in Sweden, Norway, Denmark and Finland were sold.

Telia's partly owned subsidiary Telia Overseas AB divested its 29 percent share in the Slovenian mobile company SI.Mobil in February to the Austrian company Mobilkom Austria.

At the beginning of April, Telia divested the Brazilian mobile operator Tess S/A to Telecom Americas. Telia AB and Telia Overseas AB sold all shares with limited voting rights in Tess. With a limited number of shares with special voting rights, Telia and Telia Overseas will together maintain the majority of votes in Tess. The buyer assumed all of Telia's and Telia Overseas' financial interests in Tess.

At the end of May, Telia, which already controlled 49 percent of the shares in the Polish directory company Panorama Polska Sp. z o.o., acquired the remaining shares from the American company Verizon. In accordance with this agreement, all shares in Panorama were immediately transferred to Eniro AB, which made partial payment in the form of own newly issued shares. After the divestiture of shares in July, Telia's holding in Eniro was 25.5 percent at the end of the period.

On 1 June, Industri Kapital 2000 Ltd. acquired 51 percent of the shares in Telia's subsidiary Telefos AB. This company owns Multicom Security AB, Ki Consulting & Solutions AB, Respons AB, Swedia Networks AB, Comcarta AB, Swedtel AB, Swedtel Inc., TA Teleadress Information AB and Validation AB, along with their respective subsidiaries.

At the end of September, all shares were divested in the subsidiary Telia Iberia S.A., IP service provider in the Spanish business market and sold to Cableuropa S.A.

All shares in the American subsidiary Telia Internet, Inc. were sold at the beginning of October. On 29 October, an agreement was made for Flextronics to acquire 91 percent of Orbiant, which provides installation and service of networks and other telecommunications equipment. The Orbiant group consists of Neterna AB, Telia Service AB, Telia Systems AB, Evega AB, Relacom AB and the Wireless Network Management business. The transaction is subject to regulatory approval.

Related party transactions

The Swedish state. The Telia Group's range of services and products is offered to the Swedish state, its agencies, and state-owned companies in competition with other operators and on conventional commercial terms. Certain government-owned companies conduct business in competition with Telia. Likewise, Telia purchases services from state-owned companies at market rates and on conventional commercial terms. Neither the Swedish state, its agencies, nor state-owned companies represent a significant share of Telia's net sales or income.

Telia pays annual fees to the Swedish National Post and Telecom Agency (PTS) to fund the Agency's activities, as must other operators subject to registration with PTS. The fee is set at 1.5 thousandths of the sales that the operator has for activities that require a license.

Eniro. Telia owns a participating interest in Eniro AB. Several agreements were established between Telia and Eniro in 2000 for Eniro's listing on Stockholmsbörsen. Telia divested to Eniro all outstanding shares in those subsidiaries active in directory operations, with the exception of TIM Varumärke AB, which owns certain trademarks used in Eniro's operations. In accordance with the contract, Eniro took possession of the shares in TIM Varumärke in January 2001. Furthermore, Telia would, if outstanding shares in the 49 percent holding in the Polish directory company Panorama Polska were acquired, give Eniro an irrevocable option to acquire all shares in said company at market value. Telia acquired the remaining shares in Panorama Polska in May and in accordance with the agreement, all shares were transferred to Eniro on 31 May. The settlement totaling MSEK 1,173 was paid partly in cash (MSEK 216) and partly via 8,197,400 newly issued shares in Eniro subscribed by Telia.

Comsource/Eircom. Telia owns 40 percent of the Irish company Comsource UnLtd; KPN of the Netherlands owns the other 60 percent. Comsource in turn owns 35 percent of the shares in Eircom plc. At the end of the period, Telia had interest-bearing loans to Comsource totaling MSEK 3,258, granted primarily to finance the acquisition of the company's stake in Eircom.

Infonet. Telia owns a participating interest in the American company Infonet Services Corp. During the three quarters to 30 September, Telia sold services and products to Infonet for MSEK 23 and purchased services and products for MSEK 206.

Telefos. Since 1 June, Telia owns 49 percent of the shares in the former subsidiary Telefos AB. As of the balance sheet date, Telia had interest-bearing claims of MSEK 1,771 on Telefos. During the period after the change of ownership, Telia sold services and products to Telefos for MSEK 172 and purchased services and products for MSEK 642.

IN. Telia indirectly holds a participating interest in the former subsidiary INGROUP Sweden AB. During the three quarters to 30 September, Telia sold services and products to the company for MSEK 28 and purchased services and products for MSEK 214.

Bharti Mobile. As of the balance sheet date, Telia had receivables from the Indian associated company Bharti Mobile Ltd in the amount of MSEK 109.

WirelessCar. As of the balance sheet date, Telia had interest-bearing claims on the associated company WirelessCar Sweden AB totaling MSEK 4. An additional owner joined the company during the first quarter. The resulting dilution of Telia's participating interest yielded a non-cash capital gain of MSEK 8.

Other. In addition, Telia trades services and products to a limited extent with these and other associated companies, in all cases on conventional commercial terms.

Non-cash transactions

Vehicles. Telia leases vehicles through financial leasing, primarily from GE Capital. New acquisitions during the three quarters to 30 September resulted in a non-cash investment of MSEK 87.

Infrastructure/capacity swaps. Within the international carrier business, swap contracts are signed with other carriers for infrastructure and capacity. As the swap contracts concern assets of similar nature and value, the transactions in the consolidated accounts were not reported as acquisitions or divestitures. Before both parties have fulfilled all deliveries as per contract, the value delivered can differ from the value received. As of the balance sheet date, Telia had received infrastructure and network capacity through swapping for a market value of MSEK 348.

Eniro. The associated company Eniro AB acquired operations in Germany during the first quarter for partial payment in its own shares. This dilution of Telia's participating interest yielded a non-cash capital gain of MSEK 285. Eniro acquired Telia's directory company Panorama Polska on 31 May (cf. above). The part of the purchase price paid through the issue of own shares totaled MSEK 957.

Halebop. The purchase price for the shares in Halebop AB and Halebop Norway AS was paid in the form of shares in Drutt Corp. The transaction resulted in a non-cash investment of MSEK 26.

Tess. Upon divestiture of the financial interests in the Brazilian mobile operator Tess S/A, Telia AB and Telia Overseas AB received part of the purchase price in the form of promissory notes for MSEK 1,371 and MSEK 941 respectively. The promissory notes were sold after the end of the period.

Telia Finland. Upon Song Networks' acquisition of the subsidiary Telia Finland Oy, part of the purchase price was paid in the form of shares in Song Networks at a value of MSEK 141.

Financing activities and rating

At the beginning of the year, the Group raised a new public Euro loan totaling MEUR 300 in the Group's EMTN program. The loan is long-term and has a five-year term to maturity. Telia has taken on additional long-term borrowing in the form of EMTN and FTN bonds with terms to maturity between four and ten years.

The focus of the second and third quarters was on short-term borrowing, primarily via the Group's ECP program. Most of the borrowings denominated in foreign currencies have been swapped into SEK. The borrowing was mainly due to refinancing needs.

The need for extensive borrowing in the telecom industry, combined with generally worsened credit outlooks for most telecoms in Europe, has resulted in generally higher relative costs of borrowing for companies in the industry. This development has also had a negative impact on Telia's relative cost of borrowing, though still not to the same extent as for most other telecom operators. On the other hand, the general interest rate level was adjusted downward during the period, which meant that average interest costs did not increase to the same extent as indicated by the relative cost of borrowing.

During the third quarter, the Group's operating cash flow continued to be positive, which made it possible to amortize the gross borrowings.

At the beginning of the year, the rating agencies Standard & Poor's and Moody's performed their annual audits of Telia. The result was that Standard & Poor's confirmed Telia's long-term AA rating, but changed Outlook to Negative. Moody's decided to adjust Telia's long-term rating down from Aa3 to A1 with Outlook Stable. The credit rating for Telia's short-term borrowing remains at the highest possible rating from both rating agencies. Altogether, even after the changed ratings, Telia remains one of the most creditworthy telecom companies in Europe and the rating changes are not considered to have any material effect on Telia's cost of borrowing.

Employee stock options program

A decision was made at the 2001 Annual General Meeting of Telia AB regarding an employee stock options program consisting of an issue of promissory notes with options to subscribe for shares. The options are allotted free of charge and each affected employee will obtain 1,000 stock options.

The program includes a maximum total of 21,000,000 options entitling acquisitions of the same number of shares in Telia AB. Option holders may exercise their options no earlier than 31 May 2003 and no later than 31 May 2005. Furthermore, a maximum of 6,500,000 options may be transferred to the market in order to counteract the effect of payroll overhead incurred by the options program.

The increase in share capital at full subscription will total maximum MSEK 88, equivalent to a 0.9 percent increase in the number of shares. The subscription rate is set at SEK 69. The terms and conditions of the options program may be recalculated subsequent to further issues, etc.

Subscription trends [1)]

('000)	30 Sep 2001	30 Jun 2001	31 Mar 2001	Full year 2000	Full year 1999	Full year 1998	Full year 1997	Full year 1996
Fixed telephony, PSTN, Sweden	5,704	5,721	5,762	5,783	5,889	5,965	6,010	6,032
Denmark	240	207	236	232	209	160	86	12
Mobile telephony, Sweden	3,395	3,323	3,259	3,257	2,638	2,206	1,935	1,745
Norway	905	884	854	850	–	–	–	–
Other Nordic countries	537	521	485	446	203	120	–	–
ISDN channels, Sweden	918	886	866	838	630	424	244	129
Internet,[2)] Sweden	915	857	792	738	604	440	231	106
Denmark	142	131	124	108	78	63	11	–
Cable TV, Sweden	1,367	1,359	1,361	1,358	1,348	1,330	1,308	1,291
Other Nordic countries	180	180	175	175	170	164	145	137
Rest of world	76	74	74	69	31	19	7	–

1) For further information: www.telia.com, Investor Relations, Financial information, Operational Data
2) Internet via the fixed network and cable TV

Definitions

EBITDA. Earnings Before Interest, Tax, Depreciation and Amortization.
Underlying EBITDA. EBITDA adjusted for share of earnings in associated companies, restructuring/phase-out of larger operations, capital gains/losses and common pension obligations. For previous periods, also adjusted for costs of personnel restructuring (including early retirement), year 2000 compliance, as well as for the IPO and preparations for the merger with Telenor.
Adjusted equity. Reported equity less the proposed dividend.
Capital employed. Balance sheet total less non-interest-bearing liabilities and non-interest-bearing provisions reported plus the proposed dividend.
Operating capital. Capital employed excluding financial assets but including participations in associated companies and non-interest-bearing accounts receivable.
Net interest-bearing liability. Interest-bearing liabilities and provisions less interest-bearing assets but including participations in associated companies.
Net borrowings. Interest-bearing liabilities less interest-bearing assets but including participations in associated companies.
Underlying EBITDA margin (underlying gross margin). Underlying EBITDA expressed as a percentage of net sales.
Total asset turnover. Net sales divided by the average balance sheet total.
Return on equity. Net income expressed as a percentage of average adjusted equity.
Equity/assets ratio. Adjusted equity expressed as a percentage of the balance sheet total.
Debt/equity ratio. Net interest-bearing liabilities divided by adjusted equity.
Interest coverage ratio. Operating income plus financial revenues divided by financial expenses.
Net cash flow. Increase (–) or decrease (+) in net interest-bearing liabilities.
Earnings per share. Net income divided by weighted average number of shares before and after dilution with potential ordinary shares.
CAPEX. Capital expenditures.
ARPU. Average monthly revenue per subscription.
Churn. Number of customers that have left the company expressed as a percentage of the average number of customers.
Notation conventions. To conform with Swedish and international standards, this report applies the following notations:

Currencies:	Swedish kronor	SEK
	Euro	EUR
Prefixes:	thousand	k
	million	M
	billion	G